

FACT SHEET

SUBJECT: Vehicular Battery Consignment Program (VBCP)

BACKGROUND: Defense Supply Center Richmond (DSCR) is actively promoting the VBCP which provides wet and charged type 6TMF (12 Volt), 2HN (12 Volt), and 4HN (24 Volt) Mil-Spec batteries to Marine Corps activities for use in tactical vehicles. The VBCP provides tactical batteries at the using activity which are immediately ready for use. Units turn in an unserviceable battery in exchange for a new one. The vendor disposes/recycles the unserviceable battery.

DISCUSSION:

Prior to 1995, customers were provided tactical, vehicular batteries from TACOM. Both TACOM and the customers maintained inventory levels. These batteries were dry which required purchase of sulfuric acid from DSCR. In addition, the customer was responsible for the costs and the risks of disposal of the used batteries. In 1998, management of all wet and dry lead-acid combat vehicle batteries migrated to DSCR.

The first VBCP contract was awarded to Exide Corporation on March 31, 1995 with 4 option year periods which expired on March 30, 2000. The new follow-on contract was awarded on December 21, 1999 providing two base years and three option years, with the first delivery commencing on April 1, 2000. Once reserved for larger sites, the new contract now offers service to support small customers, too, such as the National Guard and Marine Corps Reserves, on a DVD (direct vendor delivery) basis.

Currently, there are 218 active sites on the VBCP including the Army, Army Reserve, Army National Guard, United States Marine Corps, and DLA (Anniston Army Depot). The VBCP offers service in the 48 contiguous states as well as Alaska and Hawaii. There are 5 Marine Corp sites in the consignment program, with Camps Pendleton and Lejeune being the largest MC sites.

Over \$10 million of batteries were provided to customers through the VBCP in FY 99. Since inception, the program has delivered over 585,000 batteries worth more than \$40 million. Marine Corps usage of VBCP in FY 99 was 13,321 batteries worth \$899,708.

With the addition of expanded service to smaller sites, the VBCP has triggered a new interest as evidenced by the 40+ new applications received since March 2000, including 11 new applications from MARFORRES sites.

VBCP benefits received by the customer include: batteries immediately ready for use (batteries delivered wet and charged) with a 180 day manufacturer's warranty, increased soldiers' time for other tasks and skills development, and reduction of the following: handling of hazardous material, disposal concerns, shelf life management problems, and procurement costs. In addition, the batteries are owned by the contractor on a consignment basis (at sites with annual usage of 120 or more) thereby minimizing the customer's inventory investment. The VBCP offers a battery at a unit price of \$69.03 as

compared with a unit price of \$76.39 required to purchase the equivalent dry battery. Based on customer feedback, sites that are using local purchase are paying \$80-\$90 per battery.

The VBCP contract was recently modified to incorporate conversion to maintenance free technology. This conversion was directed by the Army Material Command. The maintenance free batteries are now available to our customers. The 6TMF (maintenance free) has replaced the 6TLFP and the 6TL. Any requisitions submitted for the 6TL or 6TLFP are converted to the 6TMF. There are still some 6TLFPs being issued by Exide until their inventory is depleted, estimated to be early May 00.

Efforts have been made to expand the VBCP to support U.S. military customers in Europe and the Far East. The increased unit cost associated with the contractor implementing the program in Europe resulted in the Army declining export to Europe. Concerning the Far East, none of the qualified suppliers, including the current VBCP contractor Exide, have the infrastructure in this region of the world to support a consignment type program.

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